

Message Text

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PAGE 01 LA PAZ 06434 251945Z

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ACTION XMB-07

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SPC-03

CIEP-02 OMB-01 INRE-00 SSO-00 DRC-01 /087 W

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O R 252105Z OCT 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 1319

INFO USDOC WASHDC

AMEMBASSY BUENOS AIRES

UNCLAS LA PAZ 6434

PASS TO EXIM BANK

E.O. 11652: N/A

TAGS: ETRD, BCOM, EAGR, EIND, BL

SUBJ: EXIM BANK REQUEST FOR BACKGROUND INFORMATION ON
BOLIVIAN FIRM "COMBI" LTDA.

REFS: (A) LA PAZ 6213 TO USDOC (B) LA PAZ A-50 OF MARCH 16,
1973

1. FOLLOWING IS IN RESPONSE TO EXIM BANK'S TELEPHONE CALL TO
EMBASSY OCTOBER 24 REQUESTING ADDITIONAL INFORMATION RE
APPLICATION FROM WHITE FARM AND INDUSTRIAL INTERNATIONAL,
HOPKINS, MINN., FOR ABOUT \$US 200,000 CREDIT GUARANTEE
TO "COMPANIA BOLIVIANA IMPORTADORA LTDA. "COMBI" LTDA.,
SANTA CRUZ.

2. UNDER SECRETARY MINCOM/IND ZAMORANO CONFIRMED TO EMBASSY
THAT NOVEMBER 30 RPT 30, 1973 DEADLINE ON IMPORTATION OF
40 TO 112 HORSEPOWER TRACTORS, EXCEPT THOSE PRODUCED BY
FIAT CONCORD SAIC OF ARGENTINA, IS STILL EXPECTED TO BE
ENFORCED. FERNANDO ROMERO, HEAD OF INTERNATIONAL MACHINERY
CO. (INTERMACO), WHICH IS THE FORD TRACTOR REPRESENTATIVE,
ALSO SAID HE UNDERSTANDS GOB CONTINUES TO INTEND TO ENFORCE
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PAGE 02 LA PAZ 06434 251945Z

DEADLINE. AS UNDERSTOOD HERE, DEADLINE MEANS TRACTORS MUST

ACTUALLY BE IN BOLIVIA BY NOVEMBER 30.

3. RESTRICTION ON IMPORTATION OF TRACTORS IS RESULT OF ARTICLE 3, SUPREME DECREE 10879 OF MAY 20, 1973, EMBASSY TRANSLATION OF WHICH FOLLOWS: "CONCEDE TO THE FIRM 'FIAT CONCORD SAIC' EXCLUSIVITY IN THE NATIONAL MARKET IN THE PRODUCTION AND COMMERCIALIZATION, DIRECT OR INDIRECT, OF WHEELED AGRICULTURAL TRACTORS OF 40 TO 112 HORSEPOWER". CITED DECREE WAS ISSUED TO FORMALIZE AWARD OF CONTRACT TO FIAT CONCORD SAIC TO INSTALL TRACTOR ASSEMBLY PLANT IN COCHABAMBA (REF B). AS ORIGINALLY ISSUED, DECREE APPEARED TO RESTRICT IMPORTATION OF TRACTORS EFFECTIVE AS OF DATE OF ISSUE. AT THAT TIME, UNDER SECRETARY ZAMORANO TOLD EMBASSY THAT NOVEMBER 30, APPROXIMATE DATE PLANT WOULD BEGIN OPERATIONS, WOULD BE DEADLINE.

4. INTERMACO'S ROMERO SAYS LOCAL IMPORTERS REGARD RESTRICTION AS HARMFUL TO THEIR INTERESTS AND POTENTIALLY HARMFUL TO INTERESTS OF BOLIVIAN FARMERS, ESPECIALLY SINCE NO WORK HAS BEEN ACCOMPLISHED ON ERECTION OF TRACTOR ASSEMBLY PLANT, EXCEPT LAYING OF CORNERSTONE, BECAUSE OF UNKNOWN PROBLEMS AT FIAT'S PARENT ESTABLISHMENT IN ARGENTINA. ACCORDING TO ROMERO, IMPORTERS WILL TRY TO INFLUENCE GOB TO EXTEND DEADLINE OR TO ANNUL FIAT'S EXCLUSIVE RIGHTS.

5. FOR EXIM BANK AND USDOC: REF A UPDATED WTDR ON "COMPANIA BOLIVIANA IMPORTADOR LTDA." IN A LATE RESPONSE TO OUR REQUEST FOR REFERENCES, BANCO MERCANTIL, SANTA CRUZ, SAID IT HAS HAD SOME DIFFICULTY IN CREDIT TRANSACTIONS, BUT DID NOT ELABORATE. IN LIGHT OF FAVORABLE REFERENCES RECEIVED FROM BANK OF AMERICA, SANTA CRUZ, EMBASSY BELIEVES MERCANTIL'S REPORT SHOULD ONLY SLIGHTLY TEMPER WTDR RECOMMENDATION (REF A).

6. EMBASSY WILL DEVELOP AND FORWARD ADDITIONAL DETAILS ON IMPORT RESTRICTIONS FOR DEPARTMENT'S REVIEW.
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